

The DWSRF Loan Program will continue to fund green projects. The PPL in Exhibit B sets forth green projects that may be included in the Green Project Reserve Sustainability Incentive Program.

The DWSRF Loan Program will ensure that DWSRF assistance is not provided to any public water system with an Enforcement Tracking Tool (ETT) score greater than or equal to 11, unless the conditions delineated in the SDWA section 1452(a)(3)(B) and (C) are met.

Because the Authority's funds consist of an indistinguishable combination of Federal, State, and recycled monies, EPA determined that Federal Crosscutter requirements must be applied to projects identified by the Authority whose cumulative funding is equivalent to the amount of the capitalization grant (i.e. equivalency projects). All projects funded by the LSL Replacement Fund and the Emerging Contaminant Fund will serve as equivalency projects for those grants. The Indiana Drinking Water SRF Loan Program identifies the proposed equivalency projects for SFY 2024 in Exhibit C.

A. Project Scoring and Ranking System for DWSRF Loan Programs

To determine which projects will receive funding (additional subsidy and loans), the Authority follows criteria for assistance established by the SDWA and 40 CFR 35.3555(c)(1). The Authority expects to give priority to projects that propose the following items:

1. Address the most serious risk to human health, including complete lead service line Replacement and addressing emerging contaminants.
2. Are necessary to ensure compliance with the SDWA; and
3. Assist Disadvantaged Communities most in financial need, according to the Authority's affordability criteria/ Disadvantaged Community criteria.
4. Bonus points will be available for projects that can prove technical, managerial, and financial capability, include brownfield redevelopment (through the Authority's Brownfields Program), include Green Project Reserve (GPR) Sustainability Incentive Program components, climate resiliency elements, meet Disadvantaged Communities criteria, and/or Regionalization.
5. Deduction points – projects that disconnect from a viable treatment system to create their own system will have points deducted.

The priority system designed to implement the SDWA criteria, is attached as Exhibit D, DWSRF Loan Program Project Scoring and Ranking Worksheet. All projects are ranked and undergo public review as required by 40 CFR 35.3555(c)(2). PPLs are posted for a three-week comment period.

In addition to being ranked and scored, "Project readiness criteria" will be applied to assure that projects are ready for DWSRF Loan Program financing. Steps towards "project readiness" can be demonstrated by: (1) Submitting a PER, (2) Obtaining PER approval, a

construction permit from IDEM, and bidding the project pursuant to the DWSRF Loan Program established timeframes, and (3) Initiating the steps required by State statute and the DWSRF Loan Program to proceed with a financial closing with the DWSRF Loan Program. This involves completing the steps required to issue valid bonds, retaining a nationally recognized bond counsel to issue its unqualified, approving opinion on the validity of the bonds at closing and demonstrating the ability to repay the loan portion of the financing (if applicable) through the DWSRF Loan Program.

B. Fundable Range

To inform the public of estimates regarding the DWSRF's financial capacity and to direct DWSRF Loan Program assistance to the highest priorities where possible, including but not limited to projects that directly and/or indirectly impact Disadvantaged Communities, the Authority calculates a "Fundable Range" for those projects that are on the PPLs. Projects are included in the Fundable Range based on a project's rank and score.

The DWSRF Loan Program uses the Fundable Range to plan and prioritize its responsibilities and resources. On July 1, 2023, the Authority determined that funds available were insufficient to fund all projects on the PPLs, therefore, those projects within the Fundable Range were afforded priority of resources; most notably, preference in closing a loan as soon as the necessary programmatic and financial steps were completed.

Projects that are outside of the Fundable Range may receive funding in advance of those projects identified in the Fundable Range by following the bypass procedure outlined below. Projects that are eligible for Additional Subsidization may be funded in advance of projects in the Fundable Range to meet additional federal requirements. In addition, the DWSRF Loan Program will give priority to projects that are viable only because of non-SRF financial assistance, and those projects that would alleviate an emergency situation that poses a threat to public health. See bypass procedures outlined below in Section C.

C. Bypass Procedure

When the Authority has determined that funds on-hand are insufficient to fund projects that are outside of the Fundable Range but are on the PPL. The Authority will use the following bypass procedures to allow other projects on the PPL to receive financial assistance from the DWSRF Loan Program. As allowed by 40 CRF 35.3555(c)(2)(ii), these bypass procedures enable projects originally identified outside a Fundable Range to be funded when higher-priority projects have not yet progressed to a stage allowing loan closing. However, if a bypassed project becomes ready to proceed, it will have funding priority over other projects below it on the PPL.

The following bypass process is used when the Authority uses a Fundable Range:

1. If applicable, the DWSRF Loan Program will note a Fundable Range on the PPL and notify all Participants with projects on the PPL of their status. Participants will be advised that being in the Fundable Range does not mean that a loan commitment is